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AZ CORP COMMISSION
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May 17, 2012

Arizona Corporation Commission
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OVERNIGHT DELIVERY

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: *AT&T's Objections to Proposed Tariff Revisions of McLeodUSA Telecommunications Services, Inc.; Docket No. T-03267A-11-0459*

Dear Sir or Madam:

This letter responds to certain arguments made by McLeodUSA in its April 20, 2012 letter concerning the proposed tariff revisions at issue in this docket.

In its letter, McLeodUSA states that its dispute with AT&T is limited to whether the PVU factor should apply to charges for traffic originated by McLeodUSA in TDM format and terminated to the carrier in IP format. This statement is misleading because (1) VoIP traffic includes traffic that originates or terminates in IP format and (2) it ignores the fact that McLeodUSA's proposed tariff fails to address traffic that originates or terminates in McLeodUSA's own network IP format. As explained in AT&T's March 27, 2012 comment, the revised tariff calculates the PVU factor based solely on IP traffic at the customer's end of the call and disregards traffic that originates or terminates in IP on McLeodUSA's end. Accordingly, McLeodUSA should revise its tariff to include calculation of a company PVU factor that will account for calls that originate or terminate from McLeodUSA's own end user customers.

McLeodUSA's April 20 letter also urges the Commission to await clarification from the FCC before considering the tariff revisions. Five days later, on April 25, 2012, the FCC issued an Order ("FCC Second Order") that modified the original November 18, 2011 FCC Order regarding VoIP intercarrier compensation. Under the FCC Second Order, several factors determine whether the carrier should charge its interstate rate or its intrastate rate for VoIP traffic. Under the original FCC Order, starting on December 29, 2011, all originating and terminating VoIP-PSTN traffic was subject to interstate access charges.[1] The modification made by the FCC Second Order is limited to carriers providing intrastate originating access. Specifically, beginning on approximately July 1, these carriers may charge the higher intrastate

[1] *See* FCC Second Order at ¶ 28.

rate for intrastate originating access and may charge that higher rate only until June 30, 2014.[2] Accordingly, application of the original FCC Order and the FCC Second Order can be summarized as follows:

- Carriers providing terminating access for intrastate traffic that either originates or terminates in VoIP shall charge the interstate terminating access rate (effective December 29, 2011);

- Carriers providing originating access for intrastate traffic that either originates or terminates in VoIP shall charge the interstate originating access rate (effective December 29, 2011 to approximately June 30, 2012);

- Carriers providing originating access for intrastate traffic that either originates or terminates in VoIP may charge the intrastate originating access rate (effective approximately July 1, 2012 to June 30, 2014);

Based on the foregoing, AT&T respectfully requests that the Arizona Corporation Commission order McLeodUSA to file tariffs complying with both the original FCC Order and the FCC Second Order. Specifically, McLeodUSA should file two separate tariffs, one that will apply until the revised FCC rule becomes effective on approximately July 1 of this year and one that will be in effect until June 30, 2014. Additionally, both tariffs should include a mechanism for calculating a company PVU factor.

Very truly yours,

AT&T

Sharon Mullin

By: Sharon Mullin by Seth Dauteuil, w/permission
Director
AT&T Services, Inc.

Original and 13 copies
Filed with Docket Control
this 17th day of May, 2012

[2] The revision to the rule announced in the FCC Second Order is effective 45 days after its publication in the Federal Register, which publication will likely take place in mid-May. *See* FCC Second Order at ¶ 35, footnote 96.